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Docket No. M.A. 283, 284, 285,
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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

PROPOSED
MARKETING AGREEMENT
FOR THE
BUTTER INDUSTRY OF THE WEST COAST REGION

This Marketing Agreement in its present form is proposed as the basis of a public hearing for the above-mentioned industry, and none of the provisions contained herein are to be regarded as having received the approval of the Agricultural Adjustment Administration as applying to this industry.

(THIS IS NOT FOR SIGNATURE)

I hereby certify that this is a true and correct copy of the Proposed Marketing Agreement for the Butter Industry of the West Coast Region, on file in the Office of the Chief Hearing Clerk, United States Department of Agriculture, Agricultural Adjustment Administration.

(Signed) James K. Knudson
Chief Hearing Clerk.
4725 South Building
U.S. Dept. of Agriculture
Washington, D. C.

Dated: March 15, 1935

Washington, D. C.



PROPOSED
MARKETING AGREEMENT FOR

THE BUTTER INDUSTRY OF THE WEST COAST REGION

ARTICLE I -- PURPOSES

The parties to this Agreement are the contracting processors and the Secretary of Agriculture of the United States.

Whereas, it is the declared policy of Congress as set forth in section 2 of the Agricultural Adjustment Act, approved May 12, 1933, as amended:

"(1) to establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period. The base period in the case of all agricultural commodities except tobacco shall be the prewar period, August 1909--July 1914. In the case of tobacco, the base period shall be the postwar period, August 1919--July 1929.

"(2) To approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is deemed feasible in view of the current consumptive demand in domestic and foreign markets.

"(3) To protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom, which is returned to the farmer, above the percentage which was returned to the farmer, in the prewar period, August 1909--July 1914"; and

Whereas, pursuant to the Agricultural Adjustment Act, the parties hereto, for the purpose of correcting conditions now obtaining in the handling of butter in the West Coast region, and to effectuate the declared policy of the Act, desire to enter into a marketing agreement under the provisions of section 8 (2) of the Act:

Now, therefore, the parties hereto agree as follows:

ARTICLE II -- DEFINITIONS

Section 1. Definition of Terms. -- As used in this Agreement,

1. "Secretary" means the Secretary of Agriculture of the United States.

2. "Act" means the Agricultural Adjustment Act, approved May 12, 1933, as amended.
3. "Person" means individual, partnership, corporation, association or any other business unit.
4. "Butter" means the food product usually known as butter, and which is made exclusively from milk or cream, or both, with or without common salt, and with or without additional coloring matter, and containing not less than 80 per centum by weight of milk fat, all tolerances having been allowed for.
5. "Butterfat" means the fat of cows' milk irrespective of whether it is delivered in the form of milk or cream.
6. "Bulk butter" or "butter in bulk" means butter packed in tubs, cubes or other containers for wholesale handling, marketing, shipping, processing and/or distributing by and/or to processors.
7. "Packaged butter" means butter packed in cartons, parchment wrappers or other containers for retail sale and/or distribution to ultimate consumers.
8. "Grade" means the standard of quality established (a) in Article V, section 2 of this Agreement with respect to cream and (b) in Article VI, section 2 thereof with respect to butter.
9. "Producer" means any person, irrespective of whether such person is also a processor, who produces milk for the purpose of extracting therefrom cream to be used in the manufacture of butter.
10. "Contracting processor" means any person, irrespective of whether such person is also a producer or an association of producers, who is engaged in handling, marketing, shipping, processing and/or distributing, in the current of or in competition with, or so as to burden, obstruct, or in any way affect, interstate or foreign commerce in the West Coast region, (a) butter and/or (b) butterfat which is used for the purpose of manufacturing butter, and includes the following:
 - (a) "Purchaser" meaning any person engaged in buying butterfat for the purpose of having it manufactured into butter;
 - (b) "Manufacturer", meaning any person engaged in manufacturing butter; and

- (c) "Distributor" means any person engaged in converting bulk butter into packaged butter and selling, marketing, shipping and/or distributing such packaged butter at wholesale.
11. The "West Coast region" means that part of the United States which is included in the following states: Washington, Oregon, California, Idaho, Montana, Nevada, Utah, Arizona, Wyoming, Colorado and New Mexico.
 12. "Books and records" means any books, records, accounts, contracts, documents, memoranda, papers, correspondence, or other data pertaining to the business of the person in question.
 13. "Subsidiary" means any person, of or over whom or which, a distributor or an affiliate of a distributor has, or several distributors collectively have, either directly or indirectly, actual or legal control, whether by stock ownership or in any other manner.
 14. "Affiliate" means any person and/or any subsidiary thereof, who or which has, either directly or indirectly, actual or legal control of or over a distributor, whether by stock ownership or in any other manner.
 15. "Officially quoted market" means a market in which the wholesale price of creamery butter is based largely upon reports of actual sales made for cash or short time credit and as reported daily by the Market News Service of the Bureau of Agricultural Economics of the United States Department of Agriculture.
 16. "Price-determining market" is the principal butter market of a district whose price is based on a definite relationship to an officially quoted market.

ARTICLE III -- CONTROL COMMITTEE

Section 1. Districting of West Coast Region. -- For the ^{purpose} of effectively administering this Agreement, the West Coast region shall be divided into seven districts as follows:

District No. 1 shall comprise that part of the State of Washington which lies west of the Cascade Mountains.

District No. 2 shall comprise that part of the State of Washington which lies east of the Cascade Mountains; that part of the State of Idaho which lies north of Adams, Valley and Lemhi Counties; and the State of Montana.

District No. 3 shall comprise all the State of Idaho not included in District No. 2.

District No. 4 shall comprise the State of Oregon.

District No. 5 shall comprise the State of California.

District No. 6 shall comprise the States of Wyoming, Utah and Nevada.

District No. 7 shall comprise the States of Colorado, New Mexico and Arizona.

Sec. 2. District Committees. -- 1. The contracting processors in each of the districts hereinbefore designated shall hold initial meetings at such places within their respective districts and at such times (but not later than , 1935) as the Secretary may determine. At such initial meetings each group (a) shall elect a District Committee of not exceeding 7 members; and (b) may discuss common problems of their own district and make recommendations in connection therewith to their respective District Committees.

2. There shall be allotted to each contracting processor one vote for each 10,000 pounds of butter manufactured and one vote for each 10,000 pounds of butter distributed to retailers in the form of packaged butter.

3. Each of such District Committees shall have the following powers and duties:

(a) To designate a price-determining market within its district;

(b) If the district is of such size or geographical character as to make it inadvisable to base the price of all butterfat bought in such district on the daily quotation at one price-determining market (as hereinafter provided), then to divide such district into suitable zones for such purpose;

(c) To elect, subject to the approval of the Secretary, the allotted number of representatives for the district to the Control Committee hereinafter provided for;

(d) To arrange for (1) subsequent annual meetings of the contracting processors, at which meetings they shall elect their District Committee and may discuss common problems of their district and make recommendations in connection therewith to their District Committee, and (2) subsequent annual elections by their allotted members of one representative to the Control Committee hereinafter provided for.

Sec. 3. Control Committee -- A Control Committee shall be established consisting of nine members, three of whom shall be elected from District No. 5, and one each from each of the other six districts, in accordance with the provisions of section 2 of this Article, and shall serve until of the year following the date of their respective elections, and until their respective successors are elected. Each member on the Committee shall have one vote.

Sec. 4. Alternates -- Each group electing a member of the Control Committee may, in the same manner, at any time, elect an alternate, to act in the place and stead of such member (a) in his absence, and/or (b) in the event of his removal, resignation or disqualification, until a successor for his unexpired term has been elected.

Sec. 5. Vacancies.-- To fill any vacancy occasioned by the removal, resignation or disqualification of any member of the Control Committee, a successor for his unexpired term shall be elected within fifteen days after such vacancy occurs, by persons or group by whom, and in the same manner as, such member was elected.

Sec. 6. Failure to Select Members. -- If any member or successor is not selected within the applicable period specified in this Article, the Secretary may select a person, with full power to act as a member, to serve until such member or successor is selected.

Sec. 7. Quorum. -- Upon the selection of 7 of its members, the Control Committee may organize and commence to function, provided, however, that:

1. This provision shall not affect or supersede any other provision in this Agreement requiring a minimum vote with respect to specified action to be taken by the Control Committee; and
2. The Control Committee shall not perform any of its duties, or exercise any of the powers herein granted, while there are more than 2 vacancies in its membership.

Sec. 8. Certification of Members. -- Upon the selection of any member or members of the Control Committee, the secretary of said Control Committee shall certify to the Secretary the name and address of each such member and of his alternate, if any, and the date or dates of their selections. The members and alternates, if any, so certified to the Secretary shall be deemed for all purposes to be the duly selected members and alternates of the Control Committee, subject, however, to the right of any interested party to protest such selection in accordance with the applicable Administrative Orders issued by the Secretary.

Sec. 9. Removal and Disapproval. -- The members of the Control Committee or any other committee created hereunder (including successors, alternates or persons selected by the Secretary), and any agent or employee appointed or employed by the Control Committee or by any other committee, shall be subject to removal by the Secretary at any time. Each and every order, regulation, decision, determination or other act of the Control Committee or of any other committee, shall be subject to the continuing right of the Secretary to disapprove of the same at any time, and, upon such disapproval, shall be deemed null and void except as to acts done prior to such disapproval and in reliance on or in compliance with such order, regulation, determination or other act of such Committee.

Sec. 10. Expenses of Members. -- Members of the Control Committee shall serve without compensation but shall be entitled to expenses necessarily incurred in the performance of their duties hereunder.

Sec. 11. Powers and Duties. -- The powers and duties of the Control Committee shall include the following:

1. To elect a chairman and, from time to time, such other officers as it may deem advisable, and to adopt rules and regulations for the performance of its duties under this Agreement.
2. To supervise the performance of this Agreement and to act as intermediary between the Secretary and the contracting processors.

3. To appoint such employees as it deems necessary and to determine the salaries and define the duties of such employees.

4. To appoint and define the duties of additional committees or sub-committees to assist it in the performance of any of its duties and functions hereunder.

5. To determine price differentials for butterfat between the different zones established by the district committees under paragraph 2 (a), section 2 of Article III.

6. To determine price differentials for butter between officially quoted markets and price-determining markets.

7. To investigate suspected violations of this Agreement and to hear and dispose of all questions, disputes and complaints arising in connection with the performance of this Agreement. If a member of the Control Committee shall be an interested party to any complaint or dispute or a representative of such an interested party, he shall, for the purpose of the consideration of such dispute or complaint, be disqualified as a member of the Control Committee. Such disqualification, however, shall not be deemed to create a vacancy in the Control Committee within the prohibition of paragraph 2 of section 7 of this Article.

Sec. 12. Disqualification. -- No processor shall be entitled to participate in the selection of members of the Control Committee in accordance with the terms of this Article, if he has failed to pay his contribution pursuant to article IV of this Agreement, or pursuant to any license supplementary hereto, issued pursuant to section 8 (3) of the Act, or if he has violated any of the terms or provisions of this Agreement.

Sec. 13. Reports, Books and Records. -- 1. The Control Committee shall keep books and records which will clearly reflect all its transactions.

2. The Control Committee shall, upon the request of the Secretary, furnish him such information as he may request, and all the books and records of the Control Committee shall, at any time, be subject to the examination of the Secretary.

3. Upon the termination of this Agreement, the foregoing provisions shall continue to apply to the members of the Control Committee, functioning at the time of such termination, until such members have been discharged in accordance with the provisions of paragraph 3 of section 14.

Sec. 14. Funds. -- All funds received by the Control Committee pursuant to any provision of this Agreement shall be used solely for the purpose therein specified, and shall be accounted for in the following manner:

1. Upon the expiration of the term of office of any member of the Control Committee, such member shall account for all receipts and

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disbursements and deliver all funds in his hands, together with all books and records in his possession, to his successor in office, and shall execute such assignments and other instruments as may be necessary or appropriate to vest in such successor full title to all of the funds and/or claims vested in such member pursuant to this Agreement.

2. Upon the termination of this Agreement, the members of the Control Committee then functioning shall continue as joint trustees for the purpose of this Agreement of all funds then in the possession or under the control of the Committee, including claims for any funds which are unpaid at the time of such termination. Said trustees (a) shall continue in such capacity until discharged by the Secretary, (b) shall from time to time account for all receipts and disbursements and/or deliver all funds on hand, together with all books and records of the Committee and the joint trustees, to such person as the Secretary shall direct, and (c) shall, upon the request of the Secretary, execute such assignments or other instruments necessary or appropriate to vest in such person full title to all of the funds and/or claims vested in the Committee pursuant to this Agreement. Any funds collected for expenses pursuant to Article IV and held by such joint trustees or such person over and above amounts necessary to meet outstanding obligations and the expenses necessarily incurred by the joint trustees or such other person in the performance of their duties hereunder, shall, as soon as practicable after the termination of this Agreement and of any license issued supplementary hereto pursuant to section 8(3) of the Act, be returned to the processors pro rata in proportion to their contributions made pursuant to this Agreement and/or pursuant to any license issued supplementary hereto.

3. During the term of this Agreement, the Secretary may require the Control Committee and its members to account for all receipts and disbursements and/or to deliver all funds on hand, together with all books and records of the Committee, at such time or times, in such manner and to such person, as the Secretary shall direct, and to execute such assignments or other instruments necessary or appropriate to vest in such person full title to all of the funds and/or claims vested in the Committee pursuant to this Agreement.

4. Any person to whom funds and/or claims have been delivered by the Control Committee or its members shall be subject to the same obligations and duties with respect to said funds as are hereinabove imposed upon the members of said Committee.

Sec. 15. Collection of Funds. -- The Control Committee is authorized and empowered, subject to the prior approval of the Secretary, to institute legal proceedings in the name of its individual members as a committee and to take such other steps as may be necessary to collect or enforce the payment of funds from persons liable therefor, pursuant to the provisions of this Agreement. Upon the termination of this Agreement, the foregoing power shall (unless otherwise provided in the notice of termination) continue in the members of the Committee as trustees pursuant to section 14 of this Article with respect to any funds unpaid at the same time of such termination: Provided, That such power may at any time be terminated by the Secretary and vested in such other person as the Secretary may direct. Nothing herein contained shall be construed to be in

derogation or modification of the rights of the Secretary at any time to institute legal proceedings or to take such other steps as may be necessary to collect or enforce the payment of any such funds.

ARTICLE IV -- EXPENSES

Section 1. Expenses. -- To carry out the provisions of this Agreement and of any license supplementary thereto, issued pursuant to section 3(3) of the Act, the Control Committee is authorized and directed:

1. To incur such reasonable obligations as may be necessary and proper, and to meet such obligations out of funds raised as herein provided;
2. To submit to the Secretary for his approval, subject to such notice and opportunity for hearing as the Secretary, by Administrative Order or otherwise, may prescribe (a) an itemized budget of its estimated expenses for the foregoing purposes, and (b) an equitable basis upon which the funds necessary to support such budget shall be contributed by the contracting processors.

Sec. 2. Contributions. -- Upon the approval by the Secretary of such budget, each of the contracting processors agrees to contribute to the Control Committee his share of the funds to be raised by it, in accordance with the basis of contribution submitted to and approved by the Secretary pursuant to paragraph 2 of section 1 of this Article.

ARTICLE V -- MINIMUM PRICES TO BE PAID BY CONTRACTING PROCESSOR

Section 1. Obligation of Purchasers. -- Except as otherwise provided in this section, each purchaser (excluding cooperative associations of producers on that portion of the butterfat which they handle for their members on a strictly non-profit basis) shall pay to such person from whom he obtains butterfat not less than the prices (as fixed by this Agreement) in effect at the time of the delivery of the butterfat to him.

Sec. 2. There shall be four recognized grades of cream for use in the manufacture of butter, which grades are described as follows:

1. Grade AA

Churning Cream -- Optional grade for the use of those organizations manufacturing butter for distribution under an AA label. Grade AA churning cream shall have a fine, sweet, clean flavor and aroma. It shall be of such quality that butter may be made from it which will grade not less than 93 according to the official U. S. Standards for grading butter. Its acidity shall not exceed two-tenths of one percent calculated as lactic acid with phenolphthalein as the indicator. It must be

entirely free from all conditions which would place it in a lower U. S. grade.

2. Grade A

Churning Cream - Grade A churning cream shall have a clean flavor and odor. It shall be of such quality that butter may be made from it which will grade not less than 92 according to the official U. S. Standards for grading butter. Its acidity shall not exceed three-tenths of one percent calculated as lactic acid with phenolphthalein as an indicator. It must be entirely free from all conditions which would place it in a lower U. S. grade.

3. Grade B

Churning Cream - Grade B churning cream may possess undesirable flavors and odors that are not markedly objectionable. It shall be of such quality that butter may be made from it which will grade not less than 90 according to the official U. S. Standards for grading butter. Its acidity shall not exceed eight-tenths of one percent calculated as lactic acid with phenolphthalein as the indicator. It must be entirely free from all conditions which would place it in a lower U. S. grade.

4. Grade C

Churning Cream - Grade C churning cream may possess undesirable flavors and odors which are markedly objectionable. It shall be of such quality that butter may be made from it which will grade not less than 88 according to the official U. S. Standards for grading butter. It must be entirely free from all conditions which would place it in a lower U. S. grade.

Sec. 3. In determining the grade of cream pursuant to the provisions of section 2, Article V, the grading thereof shall be done by licensed State graders in those states that provide for such graders. In those states that do not provide for licensed State graders, the same shall be provided for through an agreement with the proper State authority under whose jurisdiction the matter of cream grading and the licenses of inspectors would properly come.

Sec. 4. Prices. -- The delivered price paid to producers for butterfat for the different above-described grades of cream shall be fixed by free and open competition among purchasers and manufacturers, but for butterfat in AA grade cream shall not be less than the product obtained by multiplying (1) the difference obtained by subtracting 4-1/2 cents allowed for operating cost per pound of butter from the price per pound of 93-score bulk butter at the price-determining market by (2) the amount of 1.235. If there be no officially quoted market for 93-score butter then the price of butter-

fat in AA cream shall be at least 1/2 cent above the price of butterfat in A grade cream, the price of which shall be arrived at in the same manner except that the 92-score quotation at the price-determining market shall be used. B grade cream shall be arrived at by the same method except that the 90-score quotation at the price-determining market shall be used. C grade cream shall be arrived at by the same method except that the 88-score quotation shall be used; if the 88-score quotation is not quoted, then the 89-score quotation shall be used. If neither of these scores is quoted, then the price of C grade cream shall be 2 cents less than the B grade cream price. As an aid at arriving at such prices, the following table has been prepared:

Table for Determining Butterfat Prices Based on a Given Price for Butter

Price of Butter	Butterfat Price	Price of Butter	Butterfat Price
20	19	35-1/2	38-1/2
20-1/2	20	36	39
21	20-1/2	36-1/2	39-1/2
21-1/2	21	37	40
22	21-1/2	37-1/2	41
22-1/2	22	38	41-1/2
23	23	38-1/2	42
23-1/2	23-1/2	39	42-1/2
24	24	39-1/2	43
24-1/2	24-1/2	40	44
25	25-1/2	40-1/2	44-1/2
25-1/2	26	41	45
26	26-1/2	41-1/2	45-1/2
26-1/2	27	42	46-1/2
27	28	42-1/2	47
27-1/2	28-1/2	43	47-1/2
28	29	43-1/2	48
28-1/2	29-1/2	44	49
29	30-1/2	44-1/2	49-1/2
29-1/2	31	45	50
30	31-1/2	45-1/2	50-1/2
30-1/2	32	46	51
31	32-1/2	46-1/2	52
31-1/2	33-1/2	47	52-1/2
32	34	47-1/2	53
32-1/2	34-1/2	48	53-1/2
33	35	48-1/2	54-1/2
33-1/2	36	49	55
34	36-1/2	49-1/2	55-1/2
34-1/2	37	50	56
35	37-1/2		

For the purpose of determining the price of butter for the different districts upon which the prices of butterfat are to be based, the following rules shall apply:

If the price-determining market is not an officially quoted market, then the Control Committee shall determine (1) in case of a district on an export basis, the cost of moving the butter from the price-determining market to an officially quoted market, or (2) in the case of a district on an import basis, the cost of moving the butter from an officially quoted market to the price-determining market of the district importing the butter. The price of butter in the price-determining market of a district shipping butter to an officially quoted market shall be the price of butter in the officially quoted market minus the cost as determined by the Control Committee of moving such butter to the officially quoted market and in the price of butter in the price-determining market of a district importing butter from an officially quoted market plus the cost as determined by the Control Committee.

Sec. 5. If the district is of such size or geographical make-up as to make it inadvisable to base all butterfat on the price-determining market quotation, then the district may be divided into suitable zones by the district committee as provided for under paragraph 2 (b), section 2, Article III. The difference in price for the various zones provided for shall be designated by the Control Committee as provided for under paragraph 5, section 11, Article III.

Sec. 6. Modification in Prices. -- Any minimum price established pursuant to this Article and the system and plan of arriving at the minimum prices established pursuant to this Article may at any time be altered or cancelled by the Control Committee, with the required approval of the Secretary. No alteration or cancellation of any such price or of any plan for arriving at such price shall become effective unless it has received the approval of the Secretary. Any cancellation or any altered price or the cancellation or alteration of any plan for arriving at any such price shall become effective not less than 5 days after the Secretary signs the order of approval therefor, unless he shall determine that the emergency requires that the same become effective at an earlier date, in which event it shall become effective at such time as the Secretary shall determine to be reasonable under the circumstances. Notice of any such cancellation or alteration shall be given in such manner as the Secretary may prescribe.

Sec. 7. Charges and Deductions. -- The minimum prices and any altered prices established pursuant to this Article, after subtracting therefrom the deductions, if any, covering program differentials as provided in this Article, are net prices to be received by the person from whom a purchaser or a manufacturer buys the delivered butterfat. No charges or deductions of any nature shall be made by any purchaser or manufacturer which will result directly or indirectly in the payment of a price less than the net minimum delivered price established pursuant to this Article.

Sec. 8. Cancellation of Prices. -- The Secretary may, at any time, cancel any price, or altered price, or any plan of arriving at the minimum price established pursuant to this Article. Such cancellation

shall become effective not less than _____ days after he signs the order of cancellation. Notice of such cancellation shall be given in such manner as the Secretary shall prescribe.

ARTICLE VI -- PRICES TO MANUFACTURERS AND DISTRIBUTORS

Section 1. Obligation of Distributors. -- 1. Except as otherwise provided in this section, no manufacturer or distributor shall contract for the distribution of or distribute butter unless he receives therefor not less than the minimum prices established pursuant to this Article, as such prices may be altered by the Secretary, which are in effect at the time of the execution of the contract, or, in the discretion of the manufacturer or distributor, at the time of the delivery of the butter covered by the contract.

2. The minimum prices established pursuant to this Article shall not apply to any sales or distributions to any public unemployment relief agency (whether local, state or Federal), to any private unemployment relief agency cooperating with or accredited by any public unemployment relief agency, to any charitable institution or agency, to any hospital in connection with its charitable operations, or to any government agency (whether local, state or Federal) when such sales are upon competitive bids.

Sec. 2. 1. There shall be four recognized grades of butter and all butter sold or distributed in the West Coast region shall be graded and labelled in accordance therewith. If any butter is advertised as to price, such advertisement shall refer simultaneously to the grade of that butter for which such price is advertised. Such grades shall be as follows:

- (1) Grade AA -- This butter may be described as being desirable, fine, sweet, and clean. All butter under this label shall have been inspected by a Federal or a Federal-State Butter Grader and shall have a certificate of quality enclosed in the carton issued by the authority of the United States Department of Agriculture and the State Department of Agriculture, stating that the quality of the said butter is at least 93-score.
- (2) Grade A -- Butter of this grade may be described as desirable, sweet, and clean. This grade is referred to in the trade as "extras" and, by the standards established by the Bureau of Agricultural Economics of the United States Department of Agriculture, is at least 92-score.
- (3) Grade B -- This grade may be described as fairly sweet and clean and may show some objectionable flavors that are not distinctly developed. This grade is referred to in the trade as "standards" and, by the standards of the Bureau of Agricultural Economics of the United States Department of Agriculture, is at least 90-score.

- (4) Grade C -- This grade may be described as being made from sour to very sour cream and may show a distinct development of objectionable flavors. This grade is referred to in the trade as "seconds", and by the standards of the Bureau of Agricultural Economics of the United States Department of Agriculture, scores at least 88.

2. In determining the grade of any butter pursuant to the provisions of this Agreement, the grading thereof shall be done by a licensed Federal-State Grader in those markets where one is available. All butter sold or distributed in such markets shall be so graded without regard to the sources whence such butter originated or where the packaging thereof took place. In markets not having the services of a licensed Federal-State Grader the butter shall be graded by a licensed State Grader. However, for the purpose of determining whether or not any violation of any term or provision of this Agreement has occurred and for the purpose of enforcing said Agreement, butter shall be graded only by a licensed Federal-State Grader.

Sec. 3. Grades as above defined on all packaged butter sold or distributed shall be plainly marked with such design of the alphabet "AA", "A", "B", "C", and in such manner and location upon the wrapper or carton as shall be prescribed by the Control Committee, provided that such distinctive mark shall be at least one inch in height and shall be placed in such a manner and at such a location on the wrapper or carton as shall make it readily discernible to anyone handling the same.

Sec. 4. The Control Committee shall adopt and promulgate reasonable rules and regulations, subject to the approval of the Secretary, for the purpose of enforcing and administering the foregoing grading and labelling requirements.

Sec. 5. The minimum prices of the several grades shall be based upon the official quotation in the price-determining market as follows:

Grade AA butter: 93-score bulk quotation when quoted; when not quoted, at least 1/2 cent above 92-score quotation.

Grade A butter: 92-score bulk quotation.

Grade B butter: 90-score bulk quotation.

Grade C butter: 88-score bulk quotation.

Sec. 6. The wholesale price of package butter sold or distributed in the West Coast region shall be fixed by free and open competition among manufacturers and/or distributors, but in no case shall the price of wet wraps or parchment wraps be less than 2 cents per pound above the wholesale price of bulk butter at the price-determining market for the respective grade from which it was derived as described in section 5. The butter packed in cartons shall be 1/2 cent above the wet wraps or parchment wraps. These prices are for case lot deliveries of 30 pounds or more. For lesser deliveries, or where ice box service is rendered, not less than 1/2 cent per pound additional shall be charged. Wire cubes, or solid cubes, or butter sold in bulk for retail, shall be sold for not less than 1/2 cent below the respective minimum for package butter.

Sec. 7. Modification of prices. -- Any minimum prices established pursuant to this Article may at any time be altered or cancelled by the Control Committee with the prior approval of the Secretary. No alteration or cancellation of any price shall become effective unless it has received the approval of the Secretary. Any cancellation or any altered price shall become effective not less than five (5) days after the Secretary signs the order of approval unless the Secretary shall determine that an emergency requires that the cancellation or altered prices become effective upon an earlier date, in which event it shall become effective at such time as the Secretary shall determine to be reasonable in the circumstances. Notice of any cancellation or altered prices shall be given in such manner as the Secretary shall prescribe.

Sec. 8. Charges and Deductions. -- The minimum prices established pursuant to this Article, and any altered prices established pursuant to this Article, are net prices to be received by the manufacturer or distributor. No rebates, concessions, deductions, allowances or any other device shall be employed or acquiesced in by the manufacturer or distributor which will result directly or indirectly in the payment of a price less than the minimum prices established pursuant to this Article.

Sec. 9. Cancellation of Prices. -- The Secretary may at any time cancel any price established pursuant to this Article or any altered price established pursuant to this Article. Such cancellation shall become effective not less than _____ days after the Secretary signs the order of cancellation. Notice of such cancellation shall be given in such manner as the Secretary shall prescribe.

ARTICLE VII. UNFAIR TRADE PRACTICES

Section 1. The contracting processors hereby agree that the following are unfair trade practices in which they agree not to indulge:

1. The use, with permission or otherwise, by anyone other than the owner, or his employee, or agent operating under the contract of said owner, of any embossed and/or registered can, cream station equipment, or other property, used or employed in the purchase, shipment or sale of butterfat, intended for butter making purposes, with the intent or effect of appropriating the patronage, property or business of another.
2. The failure of any butter manufacturer or his agent or any cream station to return promptly to the true owner at the latter's expense any embossed or registered can belonging to such owner which comes into the possession of such manufacturer.
3. The paying or rendering, directly or indirectly, to any employee of a carrier, or truck line, of any consideration or reward for the purpose, or with the effect, of influencing such agent to solicit patronage or divert any shipment of butterfat intended for butter making purposes, from the originally intended consignee.
4. The purchasing of, or offering to purchase, butterfat intended for butter making purposes by a butter manufacturer or his employee, or

agent, operating under the contract of said butter manufacturer, at prices not warranted by market or trade conditions, or the paying of different prices to shippers in the same class at different points in the same territory at the same time, except differences occasioned by freight rates and quality of the butterfat purchased, or differences made in good faith to meet competition, as distinguished from price discrimination intended to, or having the effect of destroying or appropriating in whole or in part the patronage of another butter manufacturer.

5. The giving directly or indirectly of premiums for any articles of value to producers of butterfat in addition to the posted cash price or quoted price paid for butterfat or the payment, directly or indirectly, for butterfat with merchandise of a value higher than the posted cash price, or offering to producers merchandise at reduced prices with the intent or effect of influencing the sale of butterfat.

6. The payment of prices not warranted by market and trade conditions for any commodity other than butterfat, marketed by a producer of butterfat to induce the sale of butterfat to those paying the unwarranted price or prices.

7. The giving of any rebates, concessions, allowances, secret or otherwise, either directly or indirectly.

8. The giving of a brokerage allowance, directly or indirectly, to any purchaser or his agent or employee, or to any purchasing agency or its employee.

9. The making of a free deal or the giving of an allowance where purchase of butter is made in combination with any other product or commodity.

10. The selling of butter in packages other than standard as established by the Control Committee.

11. The granting, by any butter manufacturer, wholesaler of butter, or distributor of butter, to buyers furnishing their own labels or packages of an allowance greater than the actual cost of said labels or packages to the buyer.

12. To pay premiums, allow or offer discounts of any sort, to give free tickets, trading stamps or coupons, or to use any method by which these inducements can be converted into cash or goods.

13. To give purchasers advertising allowances or other free deals which have the effect of reducing the net wholesale price.

14. The making, causing, or permitting to be made or published, of any false or untrue statement of or concerning the business policies or methods of a competitor.

15. The obtaining of any information from a competitor by making any false or misleading statements or misrepresentations or by false impersonation of one in authority, or by any method of espionage.

16. The back-dating of invoices.

17. The changing of an invoice after sale and delivery of the goods are made.

ARTICLE VIII -- REPORTS, BOOKS, ETC.

Section 1. Reports. -- The contracting processors shall severally, from time to time, upon the request of the Secretary, furnish him with such information as he may request, in a manner prescribed by him, and/or in accordance with forms of reports to be supplied by him, for the purposes of (a) assisting the Secretary in the furtherance of his powers and duties with respect to this Agreement, and/or (b) enabling the Secretary to ascertain and determine the extent to which the declared policy of the Act and the purposes of this Agreement are being effectuated; such reports to be verified under oath. The Secretary's determination as to the necessity of and justification for the making of such reports, and the information called for thereby, shall be final and conclusive.

Sec. 2. Examination. -- The contracting processors also severally agree that, for the same purposes, and/or to enable the Secretary to verify the information furnished him on said forms of report and/or any other reports furnished him, all their books and records, and the books and records of their affiliates and subsidiaries, shall during the usual hours of business be subject to the examination of the Secretary. The Secretary's determination as to the necessity of and justification for any such examination shall be final and conclusive.

Sec. 3. Books and Records. -- The contracting processors and their respective affiliates and subsidiaries shall severally keep books and records which will clearly reflect all financial transactions of their respective businesses and the financial condition thereof.

Sec. 4. Confidential Information. -- All information furnished the Secretary pursuant to this article shall remain confidential in accordance with the applicable General Regulations, Agricultural Adjustment Administration.

Sec. 5. Reports to Control Committee. -- For the purpose of enabling the Control Committee to perform its functions under this Agreement, each contracting processor shall furnish to a confidential employee designated by the Control Committee, in such form and at such times and substantiated in such manner as shall be prescribed by the Control Committee, information with respect to inspection certificates, purchases and sales of butterfat in any of its forms, purchases and sales of butter, contracts and agreements with retailers and others pertaining to the purchase and sale of butterfat and butter. Such information and reports furnished to the aforesaid confidential employee shall be confidential and shall not be disclosed to any person except to the Secretary upon his request, and except that the confidential

employee may compile the information in such form as will not reveal the identity of individual informants and may make the compilations available to the public. If the confidential employee shall disclose any information except as aforesaid, he shall be subject to immediate removal by the Secretary.

ARTICLE IX -- APPEALS

Section 1. Appeals. -- Any contracting processor may petition the Secretary to review any order or decision of the Control Committee or of any sub-committee thereof. Pending the disposition by the Secretary of any appeal, the parties shall abide by the order or decision of the Control Committee, unless the Secretary shall rule otherwise pending such disposition.

Sec. 2. Action upon Appeal. -- Any such petition must be filed in writing setting forth the facts upon which it is based. The Secretary shall, if the facts stated show reasonable grounds for appeal, grant such petition and may revise or change in any manner any order or decision from which an appeal is taken.

ARTICLE X -- LICENSING

Section 1. Licensing. -- The contracting processors hereby apply for and consent to licensing by the Secretary. Such licenses shall be in accordance with applicable regulations heretofore and hereafter prescribed by the Secretary and approved by the President, and shall be subject to the rights and powers of the Secretary to modify or amend any license issued pursuant to the foregoing.

ARTICLE XI -- EFFECTIVE TIME AND TERMINATION

Section 1. Effective Time and Termination. -- This Agreement shall become effective at such time as the Secretary may declare above his signature attached hereto, and this Agreement shall continue in force, subject to termination as follows:

1. The Secretary may at any time terminate this Agreement as to all parties thereto by giving at least one day's notice by means of a press release or in any other manner which the Secretary may determine;
2. The Secretary may at any time terminate this Agreement as to any party signatory thereto, by giving at least one day's notice, by depositing the same in the mail and addressed to such party at his last known address;

3. The Secretary shall terminate this Agreement upon the request of contracting processors who handled not less than 60 percent of combined volume of both butter manufactured and butter distributed to retailers during the preceding year, by giving notice in the same manner as provided in paragraph 1 of this section;
4. This Agreement shall in any event terminate whenever the provisions of the Act authorizing it cease to be in effect.

Sec. 2. Effect of Termination or Amendment. -- Unless otherwise expressly provided in the notice of termination or in the amendment, no termination or amendment of this Agreement shall either (a) affect, waive, or terminate any right, duty, obligation or liability which shall have arisen or may thereafter arise in connection with any provision of this Agreement; (b) release or forgive any violation of this Agreement occurring prior to the effective time of such termination or amendment; or (c) affect or impair any rights or remedies of the Secretary or of any other person with respect to any such violation.

Sec. 3. Continuing Power and Duty. -- If, upon the termination of this Agreement, there are any obligations arising thereunder, the final accrual or ascertainment of which requires further acts by any party hereto or any Committee hereunder, or by any other person, the power and/or duty to perform such further acts shall continue notwithstanding such termination; Provided, That any such acts required, under the terms of this Agreement, to be performed by any Committee hereunder, shall be performed by the members of such Committee functioning at the effective time of such termination, or, if the Secretary shall so direct, by such other person, persons or agency as the Secretary may designate.

ARTICLE XII -- DURATION OF IMMUNITIES

Section 1. Immunities. -- The benefits, privileges and immunities conferred by virtue of this Agreement shall cease upon its termination, except with respect to acts done under and during the existence of this Agreement; and the benefits, privileges and immunities conferred by this Agreement upon any party signatory hereto shall cease upon its termination as to such party, except with respect to acts done under and during the existence of this Agreement.

ARTICLE XIII -- AMENDMENTS

Section 1. Proposals. -- Amendments to this Agreement may at any time be proposed by any party hereto, by any committee created hereunder, or by the Secretary.

Sec. 2. Notice. -- Notice of such proposed amendment shall be given to all contracting processors either by publishing a summary thereof in a newspaper of general circulation, or by placing in the mail a copy thereof addressed to each contracting processor at his last known address, except that the Secretary may give notice of any amendment proposed by him by sending a copy thereof to the Control Committee and issuing a press release.

Sec. 3. Approval. -- Upon the approval of any proposed amendment by contracting processors who handled not less than 60 percent of the combined volume of both butter manufactured and butter distributed to retailers during the preceding year, the Secretary may approve such amendment, in which case it shall become effective at such time as the Secretary shall designate; but unless the Secretary shall find that the subject matter of the proposed amendment was included within the scope of the hearing held upon the Agreement, or a prior amendment thereto, pursuant to the Act, or if contracting processors, who, during the preceding year, handled 25 percent of the combined volume of both butter manufactured and butter distributed to retailers, shall so request, the Secretary shall not approve any such amendment unless and until due notice and opportunity for hearing have been afforded in accordance with applicable General Regulations of the Agricultural Adjustment Administration.

ARTICLE XIV -- COUNTERPARTS

Section 1. Counterparts. -- This Agreement may be executed in multiple counterparts and when one counterpart is signed by the Secretary, all such counterparts shall constitute when taken together one and the same instrument as if all such signatures were contained in one original.

ARTICLE XV -- ADDITIONAL PARTIES

Section 1. Additional Parties. -- After this Agreement first takes effect, any processor may become a party to this Agreement, if a counterpart thereof is executed by him and by the Secretary. This Agreement shall take effect as to such new contracting party at such time as the Secretary may declare above his signature attached to such counterpart, and the benefits, privileges, and immunities conferred by this Agreement shall then be effective as to such new contracting party.

ARTICLE XVI -- AGENTS

Section 1. Agents. -- The Secretary may by designation in writing, name any person or persons, including officers or employees of the Government, or Bureaus or Divisions of the United States Department of Agriculture, to act as his agents

or agencies in connection with any of the provisions of this Marketing Agreement, and he may authorize any such agent to designate or appoint persons, including officers or employees of the United States Department of Agriculture, to exercise or perform any or all of the powers and functions delegated to them as may be deemed necessary or advisable to accomplish the proper execution or performance of such powers and functions.

ARTICLE XVII -- ANTI-TRUST LAWS

Section 1. Anti-Trust Laws. -- Any exemption from the anti-trust laws and/or any validation of any acts or things which would otherwise have been unlawful which may result from the execution of this Agreement by the Secretary shall not extend or be construed to extend further than is absolutely necessary for the purpose of carrying out the provisions of this Agreement.

ARTICLE XVIII -- DEROGATION

Section 1. Derogation. -- Nothing contained in this Agreement is or shall be construed to be in derogation or in modification of the rights of the Secretary or of the United States (a) to exercise any powers granted by the Act or otherwise, and/or (b) in accordance with such powers to act in the premises whenever such action is deemed advisable.

ARTICLE XIX -- SEPARABILITY

Section 1. Separability. -- If any provision of this Agreement is declared invalid, or the applicability thereof to any person, circumstance, or thing is held invalid, the validity of the remainder of this Agreement and/or the applicability thereof to any other person, circumstance, or thing shall not be affected thereby.

ARTICLE XX.

In Witness Whereof, the contracting parties, acting under the provisions of the Agricultural Adjustment Act, for the purposes and subject to the limitations herein contained and not otherwise, have hereunto set their respective hands and seals.

Whereas, it is provided by section 8 of the Act, as amended, as follows:

"Sec. 8. In order to effectuate the declared policy, the Secretary of Agriculture shall have power - ***

"(a) After due notice and opportunity for hearing, to enter into marketing agreements with processors, producers, associations of producers, and others engaged in the handling of any agricultural commodity or product thereof, in the current of or in competition with, or so as to burden, obstruct, or in any way affect, interstate or foreign commerce. The making of any such agreement shall not be held to be in violation of any of the anti-trust laws of the United States, and any such agreement shall be deemed to be lawful; Provided, That no such agreement shall remain in force after the termination of this Act * * * * *,"

And --

Whereas, due notice and opportunity for hearing with respect to this Marketing Agreement have been afforded pursuant to the provisions of the Act and the regulations issued thereunder; and

Whereas, the undersigned finds that it is necessary to execute this Marketing Agreement pursuant to section 8 (2) of the Act and that the terms and provisions hereof are necessary in order to effectuate the purposes of the Act;

And

Whereas, the undersigned finds that this Marketing Agreement and the terms and provisions hereof are in accordance with the provisions of section 8 (2) of the Act and tend to effectuate the purpose of the Act;

And

Whereas, the undersigned finds that the handling of the commodity, and the products thereof, covered by this Marketing Agreement, is in the current of interstate and/or foreign commerce, and in competition with, and burdens, obstructs and affects interstate and/or foreign commerce since the portion thereof which occurs within the bounds of a single State affects and actually and potentially competes with the handling of commodities and products which occurs between or among several States, and since the commodity, and the products thereof, covered by this marketing agreement cannot be separated into interstate and intrastate portions, the supply and the handling thereof being inextricably commingled, so that it is impossible to regulate the interstate and/or foreign handling without also regulating the intrastate handling, and the failure to regulate the

latter will defeat and obstruct the purposes of the Act with respect to the former.

Now, therefore, _____,
_____, Secretary of Agriculture, acting
under the provisions of the Agricultural
Adjustment Act, as amended, for the pur-
poses and within the limitations therein
contained, and not otherwise, does hereby
execute this Agreement in duplicate under
his hand and the official seal of the
Department of Agriculture, in the City of
Washington, D. C., on this _____ day of
_____, 1935, and pursuant to the
provisions hereof, declare this Agreement
to be effective on and after _____
eastern standard time, _____,
1935.

Secretary of Agriculture.